Stakeholder Meeting
on Energy Savings Goals

Technical Working Group: Combined Heat & Power

October 28, 2013
Minnesota Department of Commerce
St. Paul

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Today's agenda – CHP Meeting #2

1:00 Welcome & overview of agenda

1:15 Recap of 10/25 meeting

1:30 Presentations

2:30 Break

2:40 CHP issues & take-aways

4:00 Wrap-up

CHP Recap / Take-Aways

1. Define policy objective. Define CHP eligibility.
   - *How are savings counted? CO2? Energy savings?*
   - *Who gets credit?*
   - *Should fuel switching be allowed?*
2. Utilities will consider collaboration
3. CHP in CIP vs. out-of-CIP
   - *Where does funding come from?*
   - *Incentives for customer? For utilities?*
4. Stand-by rates as impediment to more CHP
5. Reducing risk (customers vs. portfolio)
6. Need more detailed data on CHP potential in MN
   - *E.g. Size and location of CHP potential*

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Questions: Financial incentives

1. How should **customers** be incentivized to implement CHP projects? (small scale cogeneration?)

2. How should **utilities** be incentivized to help their customers implement CHP and compensate for lost revenues associated with this type of project implementation?

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Questions: Utility Energy Savings Credit

1. How should utilities receive credit toward their demand-side management goals (both CIP and IRP?) from implementation of combined-heat and power in their service territories?

2. What methodologies should be used to determine a net reduction in energy consumed/demanded from implementation of CHP that crosses property lines and meter accounts

    - *(i.e. one facility implements a CHP project to recover waste heat from its operation and uses the waste heat to supply thermal load or generate electricity to meet the needs of another utility customer's thermal or electric load needs)?*

3. If CHP projects begin to dwarf other demand-side programs, where and how should CHP and other large energy savings projects be tracked?

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Questions: Stand-by Rates

1. How are stand-by rates from electric utilities currently impacting CHP project implementation in Minnesota?
2. Is there a different methodology that could be used to calculate stand-by rates for distributed generation projects related to CHP?
3. What regulatory changes could be made to foster CHP implementation?

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Questions: Cost effectiveness evaluation

1. Are the current cost effectiveness tests (i.e. Societal Test, Utility Cost Test, Participant Cost Test, Etc.) and Ben Cost assumptions used to evaluate demand-side management programs in the Conservation Improvement Program appropriate for evaluating CHP programs or measures?

CHP: In or out of CIP

Should CHP be part of CIP?

- Pros & cons

Questions: Fuel neutrality and fuel switching

1. What are current stakeholder concerns regarding fuel switching issues associated with CHP projects?

2. How should fuel switching concerns be handled so that one utility customer of a specific fuel type (electric) is not subsidizing the cost of CHP project incentives or utility load building that may be provided to another utility customer for a different fuel type (natural gas)?

CHP Recap / Take-Aways

1. Define policy objective.
   Define CHP eligibility.
   - *How are savings counted? CO2? Energy savings?*
   - *Who gets credit?*
   - *Should fuel switching be allowed?*
   - *New or old?*
2. Utilities will consider collaboration
3. CHP in CIP vs. out-of-CIP
   - *Where does funding come from?*
   - *Incentives for customer? For utilities?*
4. Stand-by rates as impediment to more CHP

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CHP Recap / Take-Aways

5. Ownership: Customer? Utility?
6. Reducing risk (customers vs. portfolio)
7. Long-term: relationships/ reliability
8. Need more detailed data on CHP potential in MN
   - *E.g. viability at customer level*
   - *Size and location of CHP potential*

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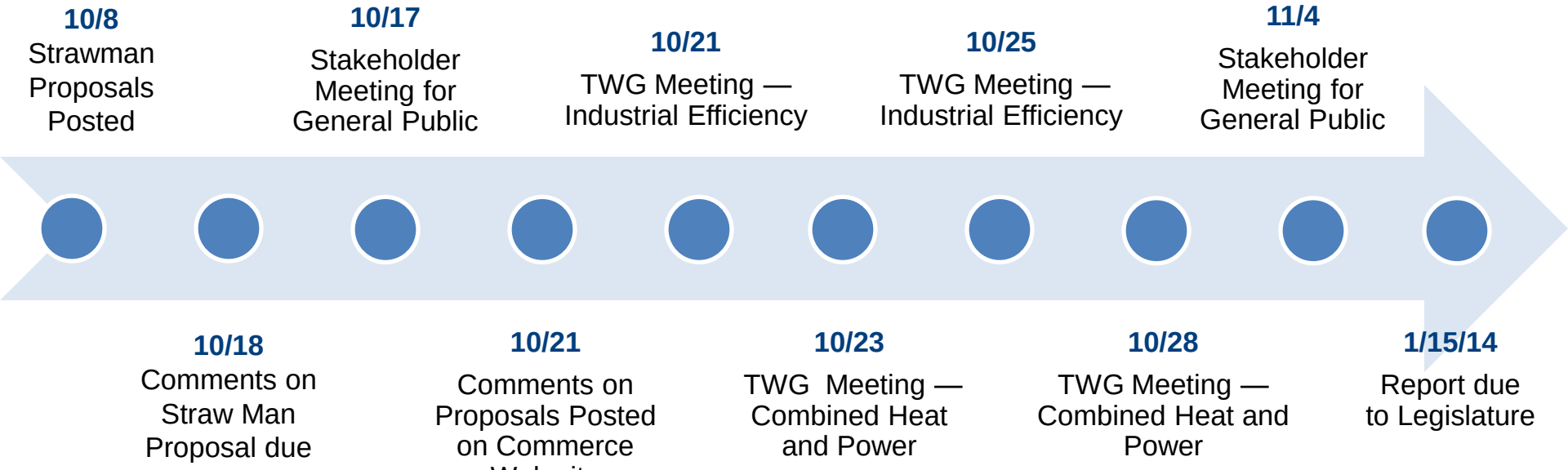
Energy Savings Goals Study

Stakeholder input process



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